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Document Title	Consultation – The Replacement of European Structural Funds in Scotland Post EU-Exit

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Additional information:

Authorised By	D Proudfoot
Designation	Head of Development
Date	05/02/20

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REPORT TO: Members' Library Service

MEETING DATE:

BY: Head of Development

SUBJECT: Consultation – The Replacement of European Structural Funds in Scotland Post EU-Exit

1 PURPOSE

- 1.1 To provide the response from East Lothian Council to the above Scottish Government consultation

2 RECOMMENDATIONS

- 2.1 To note the contents of this report

3 BACKGROUND

- 3.1 The UK leaving the EU means that Scotland will no longer receive European Structural Funds, worth over £780 million under the current 2014-20 programmes through the European Social Fund (ESF) and the European Regional Development Fund (ERDF).
- 3.2 East Lothian Council has received or is expected to receive £1.4 million ESF support to East Lothian Works for training and skills development and £263,601 ERDF to Economic Development for business support.
- 3.3 With regard to ESF, an enhanced employability service was developed through a European Social and Investment Fund Strategic Investment grant to East Lothian Council. The pipeline is characterised by five stages and a range of available support for different groups of young people and adults on their journey towards and into sustained employment was and is being offered. Activity focused on specific support for people facing multiple barriers to employment within the strategic pipeline. Project activity and funding was from 1st January 2016 until 31st December 2022 via three operations:
- Lead Partner Management Costs – ESF grant £240,469
 - Employability Pipeline - ESF grant £934,592
 - Challenge Fund – ESF grant £238,873

- 3.4 The Business Gateway Plus programme provides a range of free consultancy support for business growth from 1 January 2018 for four years. The total financial investment is £384,502 with £230,701 from East Lothian Council and ERDF of £153,801. The target output of consultancy support is 400 days to 227 companies, including grant support to 15 companies available until June 2018 (total grants £183,000 - ELC £109,800 and ERDF £73,200).
- 3.5 The consultation response is based on experience as applicant and strategic partner and has been agreed with the Spokesperson for Economic Development & Tourism.

4 POLICY IMPLICATIONS

- 4.1 Opportunity to contribute to the debate on replacement funding and to influence thinking around the future approach to economic development support interventions.

5 INTEGRATED IMPACT ASSESSMENT

- 5.1 The subject of this report does not affect the wellbeing of the community or have a significant impact on equality, the environment or economy

6 RESOURCE IMPLICATIONS

- 6.1 Financial - none
- 6.2 Personnel - none
- 6.3 Other - none

7 BACKGROUND PAPERS

- 7.1 <https://consult.gov.scot/economic-development/replacement-of-european-structural-funds/consultation/subpage.2019-11-04.1403447001/>
- 7.2 East Lothian Council Response attached

AUTHOR'S NAME	Susan Smith
DESIGNATION	Service Manager, Economic Development
CONTACT INFO	Tel: 01620 827174, e-mail: ssmith@eastlothian.gov.uk
DATE	5 February 2020

Response ID ANON-Z86C-8P3C-9

Submitted to **The Replacement of European Structural Funds In Scotland Post EU-Exit**
Submitted on **2020-02-05 07:51:47**

Replacement of European Structural Funds in Scotland Post EU-Exit

Objectives

1 What are the main aims that this funding should seek to achieve?

What are the main aims that this funding should seek to achieve?:

This funding should seek to address the issues that impede inclusive and sustainable economic growth and the range of measures - whether training, regeneration capital activity, specific urban or rural interventions, climate change - should be designed and delivered accordingly. In so doing innovation will be encouraged, R&D delivered, ideas developed in line with need and opportunity.

2 How could funding be used most effectively to address spatial inequalities between areas and communities in Scotland?

How could funding be used most effectively to address spatial inequalities between areas and communities in Scotland?:

A flexible approach would allow local authorities and other local players to develop and deliver interventions in line with local circumstances and therefore seek to address market failure at the local level. Collaboration locally and more widely should be encouraged.

3 Geographically, at what level would the priorities for funding be best set?

Geographically, at what level would the priorities for funding be best set?:

Priorities should be set at local authority level where local stakeholders can allocate resources in order to address inequalities and deliver inclusive economic growth. There may be instances where interventions at City Deal-level can best be delivered. These should be in line with Government Economic Strategy and with regional and local Economic Development Strategies.

Alignment with Scottish Policy and Other Funding Streams

4 How could the use of future funding add value to other sources of funding focussed on similar objectives in Scotland?

How could the use of future funding add value to other sources of funding focussed on similar objectives in Scotland?:

The Government Economic Strategy should be the key policy driver for this funding complemented by Economic Development Strategies and approaches at the regional/City Deal and local authority levels. Efforts should be made to avoid duplication and overlap with other known sources of funding endeavouring to utilise this funding to add value and improve outcomes. Better engagement with businesses and investor communities and better networks locally and more widely can also help in this respect.

Alignment with UK and EU Policy

5 What practical value would you see in future funding in Scotland being aligned with the UK Industrial Strategy and other spatially-differentiated UK economic policiessuch as the City and Regional Deals or the Industrial Strategy's sectoral approach?

What practical value would you see in future funding in Scotland being aligned with the UK Industrial Strategy and other spatially-differentiated UK economic policies such as the City and Regional Deals or the Industrial Strategy's sectoral approach?:

The future funding approach should be aligned wherever possible with UK, Scottish, regional and local strategies and policies to ensure that the funding is designed to address market failure and respond to opportunities. Also, close liaison with European and other bodies to influence economic growth and attract inward investment devolved to local level should be facilitated.

6 What practical value would you see in maintaining alignment with EU Cohesion Policy?

What practical value would you see in maintaining alignment with EU Cohesion Policy?:

There should be acknowledgement and recognition of wider European issues and integration if appropriate. Climate change is an example of such an issue. Similarly, alignment can help with developing language skills and cultural awareness to best exploit sales and marketing opportunities for businesses.

Evaluation and Monitoring Progress

7 How could we best evaluate the success of this new fund?

How could we best evaluate the success of this new fund?:

Evaluation should be commensurate with funding and its priorities using the National Performance Framework. Quantitative and qualitative measures can meaningfully add value and enable lessons to be learnt and implemented. 'Real time' evaluations, rather than those undertaken post-funding, can influence delivery during the funding period and so improve outcomes. Strategic-level evaluations also add value. Regular publications of case studies and sharing of 'lessons learnt' and opportunities should be encouraged.

8 What relevant parts of the National Performance Framework should this funding be targeted towards?

What relevant parts of the National Performance Framework should this funding be targeted towards?:

Economy, Fair Work and Business, Environment, Poverty, Communities.

9 Which specific aspects of the monitoring and evaluation framework from European Cohesion Policy do you consider would be beneficial to retain for any new fund?

Which specific aspects of the monitoring and evaluation framework from European Cohesion Policy do you consider would be beneficial to retain for any new fund?:

Previous European Structural Fund programmes have tended to be evaluated once all funding has been committed and 'real time' evaluations can influence delivery.

Allocation and Programme Duration

10 What approach should be used to allocate the funding at programme level - including the most effective duration of the programme that would better support the identified priorities?

What approach should be used to allocate the funding at programme level - including the most effective duration of the programme that would better support the identified priorities?:

Longer-term programme periods allow for consistency in approach ensuring that interventions can be delivered and can engender robust outcomes.

For example, under current programme period local delivery of ESF has allowed for local priorities to be addressed; the successful Business Gateway ERDF project has been delivered across Edinburgh & Lothians allowing for economies of scale and local delivery.

11 What would be the most appropriate partnership and governance structure to achieve the strategic objectives of the future funding?

What would be the most appropriate partnership and governance structure to achieve the strategic objectives of the future funding?:

Appropriate governance should be applied to the future funding approach and local authorities as champions of partnership working can best develop linkages at the local level. Verification, compliance and audit checks have become increasingly onerous and there should be trust applied to local authorities, for example, who can best determine local priorities. The nature of the intervention, whether local, regional, sectoral, should determine the most appropriate structure.

12 What would be the most effective delivery model to ensure maximum leverage of funds from public and private sectors to regional investments?

What would be the most effective delivery model to ensure maximum leverage of funds from public and private sectors to regional investments?:

The delivery model should seek to maximise public and private sector funding adding value to existing funding and should be commensurate with the funding award, obligations and target objectives and outcomes.

13 What capacity-building or other support is needed to ensure the ability of local partners and communities to participate in the programme?

What capacity-building or other support is needed to ensure the ability of local partners and communities to participate in the programme?:

Based on previous experience, there has to be capacity building to ensure that applicants are monitoring progress and outcomes and have the requisite governance arrangements in place. Of note too are the onerous verification, compliance and audit requirements that can be off-putting to many applicants - a more flexible and trusting approach would greatly assist uptake.

14 What can be learned from the design and delivery of the current and previous European Structural Fund Programmes in Scotland?

What can be learned from the design and delivery of the current and previous European Structural Fund Programmes in Scotland?:

Effective monitoring and evaluation should be built-in to the design of programmes and should be as simple and straightforward as possible.

About you

What is your name?

Name:

Susan Smith

What is your email address?

Email:

ssmith@eastlothian.gov.uk

Are you responding as an individual or an organisation?

Organisation

What is your organisation?

Organisation:

East Lothian Council

The Scottish Government would like your permission to publish your consultation response. Please indicate your publishing preference:

Publish response only (without name)

We will share your response internally with other Scottish Government policy teams who may be addressing the issues you discuss. They may wish to contact you again in the future, but we require your permission to do so. Are you content for Scottish Government to contact you again in relation to this consultation exercise?

Yes

Evaluation

Please help us improve our consultations by answering the questions below. (Responses to the evaluation will not be published.)

Matrix 1 - How satisfied were you with this consultation?:

Please enter comments here.:

Matrix 1 - How would you rate your satisfaction with using this platform (Citizen Space) to respond to this consultation?:

Please enter comments here.: